

**CITY OF SHOREVIEW
MINUTES
REGULAR CITY COUNCIL MEETING
September 17, 2012**

CALL TO ORDER

Mayor Martin called the regular meeting of the Shoreview City Council to order at 7:00 p.m. on September 17, 2012.

PLEDGE OF ALLEGIANCE

The meeting opened with the Pledge of Allegiance.

ROLL CALL

The following members were present: Mayor Martin; Councilmembers Huffman, Quigley, Wickstrom and Withhart.

APPROVAL OF AGENDA

Mayor Martin announced that the TSI discussion will only be regarding tax increment financing, not the site plan. The site and building plan will be reviewed by the Planning Commission at their September meeting.

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to approve the September 17, 2012 agenda as submitted.

VOTE: Ayes - 5 Nays - 0

PROCLAMATIONS AND RECOGNITIONS

Tim Pratt, Chair of the Environmental Quality Committee, presented the Green Community Awards to residents who voluntarily use Best Management Practices to preserve water quality in the City's streams and water bodies on their property. These techniques include using native plants, rain gardens, use of paver driveways to decrease impervious surface, roof runoff methods, and vegetative buffers to lakeshore. Awards were presented to:

Cheryl Schultz
Kathryn Harris
Steve Larson
Nick and Mary Kay Horvath
Jerry Miller
Ron and Joyce Halverson
Curt and Jean Dockter
Paul and Linnea Wagner

Georgia and Gerald Pelton
Paige Lonnee
Brooks and Dixie Nelson
Sharon Sechrist
Todd Bulera
Sheila and Arnie Carlson
Scott and Nancy Halstead
Prince of Peace Lutheran Church

Mr. Pratt announced that the EQC is now doing the Green Awards without assistance from the Shoreview Green Community group. Next year an energy savings category will be added to the awards.

Mayor Martin thanked Chair Pratt, the EQC and the award winners for their efforts to protect water quality.

CITIZEN COMMENTS

There were none.

COUNCIL COMMENTS

Mayor Martin:

The pool will open Saturday, September 22nd.

The Heritage Day Festival will be held at the Lepak/Larson House at 11:00 a.m. on October 6, 2012. There will be a dedication of the Guerin Gas Station.

The tennis courts at Shamrock Park and at the Commons have been striped for pickle ball, but can still be used for tennis as well.

Councilmember Wickstrom:

Thank you to staff for the new plantings on Lexington south of Highway 96.

The Ramsey County League of Local Governments will meet on Thursday, September 27, 2012, at 7:00 p.m. at Irondale High School. The topic will be on higher education.

Northwest Youth and Family Services will also hold its fundraiser on September 27, 2012, at 5:30 p.m. with a silent auction and many food vendors on hand. The event will be at Northwest Youth and Family Services.

Councilmember Quigley:

Noted that Gallery 96 has pictures of the *Slice of Shoreview* online at www.gallery96.org. Banners of handprints have been made that will be hung around the track.

CONSENT AGENDA

Item No. 1, September 4, 2012 City Council Meeting Minutes, was pulled for separate consideration.

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to approve the Consent Agenda, for August 20, 2012, and all relevant resolutions for all item Nos. 2 through 9:

2. Receipt of Committee/Commission Minutes:
 - Planning Commission, August 28, 2012
 - Bikeways and Trails Committee, September 6, 2012
3. Monthly Reports:
 - Administration
 - Community Development
 - Finance
 - Public Works
 - Park and Recreation
4. Verified Claims in the Amount of \$744,906.53
5. Purchases
6. Extension of Minor Subdivision - Alysa DeLange, 5790 Fairview
7. Extension of Minor Subdivision - Tor Unstad, 5108 Lexington
8. Comprehensive Sign Plan - TCF Bank, 3836 Lexington Avenue
9. Developer Escrow Reductions

VOTE: Ayes - 5 Nays - 0

MOTION: by Councilmember Quigley, seconded by Councilmember Wickstrom to approve the September 4, 2012 City Council Meeting Minutes, as submitted.

VOTE: Ayes 3 Nays - 0 Abstain (Huffman, Withhart)

Councilmembers Huffman and Withhart abstained because they did not attend that meeting.

PUBLIC HEARINGS

PROPOSED ECONOMIC DEVELOPMENT ASSISTANCE (BUSINESS SUBSIDY) FOR PaR SYSTEMS, INC., 655 COUNTY ROAD E WEST - AUTHORIZING THE EXECUTION OF A DEVELOPMENT AGREEMENT FOR TAX INCREMENT FINANCING (TIF) TO SUPPORT EXPANSION PROJECT

Presentation by Asst. City Manager/Community Development Director Tom Simonson

PaR Systems, a robotics company based in Shoreview, has applied for economic development assistance to construct a new building to expand its business at 655 County Road E. PaR Systems owns both 655 and 707 County Road E, which are adjacent parcels. The project is on a “fast track” to meet business needs of fulfilling major contracts. The goal is to begin construction in September and complete the project for occupancy by February 2013. The new building would consist of a 36,000 square foot manufacturing building with capacity to expand up to 48,000 square feet. The total estimated cost for the project with site improvements is \$4.6 million. The new facility will be financed through a lease/purchase agreement with Welsh

Companies. PaR Systems will invest \$800,000 for this project. It is expected that employment will grow by 30% in the next several years.

Originally, the request for financial assistance was in the amount of \$750,000. However, the property is located in TIF District No. 1, which does not allow the creation of a new district for assistance. Fund sources in TIF District No. 1 are being recommended for financial assistance to this project. The City would provide \$600,000 in upfront financing upon completion of the building project. This assistance would be used for site improvements, such as grading, parking and drainage. This level of assistance equals the increment that would be generated over a 9-year period if a new Economic Development TIF District could be created.

The Economic Development Authority (EDA) has unanimously supported the proposed financing assistance for expansion of PaR Systems.

Mayor Martin opened the public hearing. There were no questions or comments.

MOTION: by Councilmember Withhart, seconded by Councilmember Quigley to close the public hearing at 7:45 p.m.

VOTE: Ayes - 5 Nays - 0

Councilmember Huffman stated that the EDA has thoroughly reviewed this financing agreement, and it is consistent with the goals of the EDA and Council to support business expansion and increased jobs.

Councilmember Withhart explained that tax increment financing is based on capturing the difference from the higher tax rate of the improved property to previous taxes for assistance over a period of years. The company's own tax dollars are being used for this assistance.

Councilmember Wickstrom stated that PaR Systems is an excellent company that provides high paying jobs. This company expansion will also expand the City's tax base.

Councilmember Quigley noted that the City has historically successfully partnered with PaR to keep the company in Shoreview, most recently when it broke away from Westinghouse in 2007.

MOTION: by Councilmember Withhart, seconded by Councilmember Huffman to adopt Resolution No. 12-81, approving the business subsidy for economic development assistance to PaR Systems, Inc. and authorize the execution of a Development Agreement providing tax increment financing support for construction of a new facility at their campus, subject to the terms and conditions outlined in said agreement.

ROLL CALL: Ayes: Huffman, Quigley, Wickstrom, Withhart, Martin
Nays: None

MODIFICATION OF MUNICIPAL DEVELOPMENT DISTRICT NO. 2, ADOPTION OF TAX INCREMENT FINANCING PLAN FOR THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 9 (ECONOMIC DEVELOPMENT DISTRICT) AND AUTHORIZE THE EXECUTION OF A DEVELOPMENT AGREEMENT FOR TAX INCREMENT FINANCING TO SUPPORT EXPANSION PROJECT BY TSI, INCORPORATED, 500 CARDIGAN ROAD

Presentation by Asst. City Manager/Community Development Director Tom Simonson

TSI is planning a major expansion and is seeking TIF to provide economic development assistance to TSI. The proposal is to construct a building addition at their corporate headquarters in Shoreview. TSI employs 440 employees locally and 560 worldwide. Their business projects significant job growth perhaps up to 180 new jobs over the next several years. A new TIF District would be established to support the expansion. After inspection of the existing facility, it was determined that TSI would not qualify for a 15-year Renewal and Renovation District because of previous improvements and the fact that the current building has been well maintained. TSI is eligible for a 9-year Economic Development District.

The project is on a “fast track” for parking lot improvements and the building addition to meet company growth needs. The addition will be to the south end of the building. Additional parking will be constructed on an adjacent parcel that was acquired in the 1990s. Parking will be done before the building expansion. Site and building plans will be considered by the Planning Commission on September 25, 2012. TSI plans to begin construction in October and complete the project by May 2013.

TSI originally requested approximately \$1.4 million in TIF assistance. Since the project qualifies only for a 9-year Economic Development TIF District, it will generate just over \$500,000. In exploring other sources to fill the financial gap, staff is recommending the use of funds from TIF District No. 1, which has a healthy balance from previous development. Staff is recommending creation of TIF District No. 9, an Economic Development District for this project with a \$500,000 note payable over the 9-year period. In addition, it is recommended that \$400,000 be financed up front from TIF District No. 1, payable upon completion of the building addition. The total financing would be \$900,000.

The proposal has been reviewed by the EDA and unanimously approved. Staff is recommending the Council approve the request.

Mayor Martin opened the public hearing. There were no questions or comments.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Huffman to close the public hearing at 7:55 p.m.

VOTE: Ayes - 5 Nays - 0

Mayor Martin noted that TSI received the Manufacturing Association Award this year and is another great company located in Shoreview.

Councilmember Huffman stated that the EDA has reviewed the proposal and supports it unanimously.

Councilmember Withhart added that the EDA looked at this proposal in detail. He is pleased to see these two excellent companies looking to expand in Shoreview. This economic development is good news for the City and for the companies.

Mayor Martin stated that the City has very few tools to help businesses. TIF is one tool and she is pleased it can be used for expansion.

MOTION: by Councilmember Huffman, seconded by Councilmember Wickstrom to adopt Resolution No. 12-82, approving the Tax Increment Financing Plan for the creation of new Tax Increment District No. 9 (an Economic Development District) in support of economic development assistance for TSI, Incorporated.

ROLL CALL: Ayes: Quigley, Wickstrom, Withhart, Huffman, Martin
Nays: None

MOTION: by Councilmember Wickstrom, seconded by Councilmember Withhart to adopt Resolution No. 12-83, approving and authorizing the execution of a Tax Increment Financing Development Agreement in support of economic development assistance for the TSI, Incorporated expansion project, subject to the conditions of said agreement.

ROLL CALL: Ayes: Wickstrom, Withhart, Huffman, Quigley, Martin
Nays: None

2012 ASSESSMENT HEARING - BUFFALO LANE RECONSTRUCTION, CP 11-09

City Attorney Filla stated that he has reviewed the affidavits of notice, which indicate that the public hearing is in order at this time.

Presentation by Public Works Director Mark Maloney

The proposed assessment schedule for the Buffalo Lane Reconstruction Project is as follows:

September 17, 2012	Public Assessment hearing; adopt assessment if no objections. Mail Notice of Adoption on September 18, 2012, which begins the 30-day payment period.
October 1, 2012	Objection response meeting if not adopted at the hearing. The assessment roll must be adopted to begin the 30-day payment period.

October 2, 2012 Mail adoption notice, which includes the 30-day pre-payment period at the City.

November 10, 2012 Engineering certifies assessment roll to Ramsey County, 30 days from adoption or not later than November 15, 2012.

The project consisted of asphalt pavement and surmountable curb and gutter with installed water main, sanitary sewer and storm sewer. Seven properties were impacted.

Assessments consist of:

Street	\$1,594 per household unit (\$56 less than estimated)
Storm Sewer	\$1,120 per unit (based on the lot size)
Sanitary Sewer	\$6,000 per unit
Water Service	\$5,775 per unit

The maximum assessment could be \$14,489. Assessments vary from \$800 to the maximum. No written or verbal objections have been received. The assessments will be spread over either a 10 or 15-year period at 3% interest in equal payments, depending on the dollar amount. Staff is recommending adoption of the assessment roll.

Mayor Martin noted that any objection must be submitted on a written form. She opened the public hearing at 8:08 p.m. There were no comments or questions.

Councilmember Wickstrom noted that the reason the assessments are significantly higher is because there were a number of failed septic systems. It was more cost effective for residents to obtain City water than replace the septic system.

MOTION: by Councilmember Wickstrom, seconded by Councilmember Quigley to close the public hearing at 8:09 p.m.

VOTE: Ayes - 5 Nays - 0

MOTION: by Councilmember Huffman, seconded by Councilmember Withhart to approve Resolution 12-80 adopting the assessment roll for Buffalo Lane Reconstruction, City Project 11-09, with any previously noted revisions, spreading said assessments over 10 or 15 years at 3.00 percent interest, with said installments to be equal payments.

Councilmember Withhart noted that in other communities an amount of \$14,000 might seem low. The City's policy of setting aside money every year benefits everyone in the City.

ROLL CALL: Ayes: Withhart, Huffman, Quigley, Wickstrom, Martin
Nays: None

**SITE AND BUILDING PLAN REVIEW - PaR/MISSION CONSTRUCTION, 655
COUNTY ROAD E**

Presentation by City Planner Kathleen Nordine

The application is for construction of a new manufacturing, warehouse and office building. The request included a variance, which the Planning Commission approved at its last meeting. The site has an 18,000 square foot office building with off-street parking, which will remain. The new building would be 45,760 square feet. The existing parking lot will be expanded. A new entry driveway is proposed off County Road E. There will also be storm water improvements.

The property is zoned BP, Business Park. The proposal is consistent with uses in this district.

Staff reviewed the proposal under Development Code guidelines and requirements. Exterior building materials will be further addressed in the PUD application, so that the building designs complement each other. The proposed height is 66 feet; the maximum height allowed is 35 feet. The maximum allowed height can be exceeded if firefighting capabilities are not exceeded, which they are not. Also, one additional foot of setback is required for every additional foot of height. The building is in compliance with required setbacks.

Code requires 230 parking stalls; the proposal is for 157 with proof of parking of an additional 36 stalls. PaR can share parking between the two properties. PaR indicates that their demand for parking stalls is 130. Long-term concerns regarding a change in use can be addressed through the Development Agreement. The requested variance for a 6.2-foot setback from County Road E for the eastern parking lot was granted by the Planning Commission.

Wetland delineations are complete and have been verified by the City's consultant. A final report was submitted today and is being reviewed. The eastern driveway encroaches on the wetland buffer.

Five landmark trees would be removed, which requires 30 replacement trees. A full tree inventory was submitted today and is being reviewed. Alternatives to planting 30 new trees would be additional landscaping at the 707 site or a contribution to the City's forest funding.

The parking design does not include the required landscape islands. However, staff believes it is reasonable to waive because of parking lot design and site characteristics. The impervious surface coverage is 52% with 75% the maximum that can be allowed. Also, there is a wide boulevard.

The Grading, Drainage and Storm Water Management Plan comply with City requirements. The storm water pond on the north side manages runoff from the new parking areas and incorporates anticipated runoff from the future building addition and proof of parking areas. The pond is

designed to overflow into the City's infrastructure. Infiltration is encouraged and will be expected with the future expansion and PUD application.

Property owners within 350 feet were notified of the project. No comments were received. Ramsey County has indicated no concerns with the variance. The proposed eastern drive access will be permitted as long as one of the existing drives is removed. PaR proposes to remove the center access drive.

The Planning Commission approved the variance for a parking setback of 6.2 feet and recommended approval of the project on a 4 to 0 vote. This project complies with land use, zoning and economic development goals. Staff is recommending approval with the conditions listed in the staff report.

Mayor Martin asked the reason for the PUD to be submitted at a later time. Ms. Nordine explained that PaR is required, through a previous agreement with the City, to go through the PUD process with any significant expansion. Due to the time constraints, the PUD process was not used at this time, but within one year PaR is required to submit a PUD.

Mayor Martin asked if the wetland delineation will be part of the PUD. Ms. Nordine stated that the wetland delineation has been received. With verification through the final report, staff is confident that there will be no encroachment to the wetland area.

Planning Commissioner McCool reported that the Planning Commission voted to support the project. There is concern about timing and speed in light of the prior agreement requiring a PUD. Parking was the main concern. PaR explained that there is not an intense use of parking. However, if PaR is not the occupant, there is concern that parking is not in compliance.

Councilmember Quigley expressed some concern that only four Planning Commission members voted for the proposal.

Commissioner McCool stated that he did not hear any opposition from any Planning Commission member. A special meeting was held to consider more complete information, when the vote was taken with four members present.

Mayor Martin stated that this normally would be sent to the Grass Lake Water Management Organization, but with the dissolution of that organization, she asked if the City is handling water management until the agreement is final with Ramsey/Washington Metro Watershed District (RWMWD). Mr. Maloney stated that the City's Surface Water Management Plan is the starting point for water management. That is what is being used to evaluate this proposal. He expects that RWMWD will have more stringent guidelines.

Councilmember Huffman asked if there is any risk for this decision to be undone later. Mr. Maloney stated that while RWMWD has taxing authority, until Shoreview is incorporated into their Management Plan, RWMWD does not have permitting authority. There is no precedent to retroactively change decisions.

Councilmember Withhart asked if there is enough land to expand parking to meet requirements, if the ownership were to change. Ms. Nordine stated that it would depend on how the building is used. If the use is more intense, there is not enough room. Commissioner Withhart asked if a new user would have restrictions on how much of the building could be used for certain uses. Ms. Nordine stated that an amendment to the PUD would be required to change uses by more than 5% intensity.

City Manager Schwerm noted that there is proof of parking that would increase parking by 20%, although it would not meet the required standard.

Mr. Simonson stated that the situation is self-policing. The building is 65 feet in height and there is a 35-foot pit. The building is not conducive to conversion to other uses. The new owner would have to come through the City process.

Councilmember Wickstrom stated that as long as there is future protection for the City, she would not want to see parking stalls that are not needed but would rather keep as much green space as possible.

MOTION: by Councilmember Withhart, seconded by Councilmember Wickstrom to approve the Site and Building Plan request, including the Development Agreements, submitted by Mission Construction on behalf of PaR Systems at 655 County Road E for the construction of a new manufacturing, warehouse and office building. Said approval is subject to the following:

1. The Final Report for the wetland delineation must be submitted for the City's review and approved prior to the September 17th City Council meeting.
2. Shared parking may be permitted between the 655 and 707 building to address the deviation from the City's minimum parking requirement. A shared parking and maintenance agreement shall be executed between the properties prior to the issuance of a building permit.
3. The applicant must obtain the necessary permits from Ramsey County for the proposed new drive onto County Road E.
4. Lighting on-site shall comply with Section 204.030, Glare, of the Development Code. The applicant shall provide details on the exterior light fixtures and pole heights with the building permit submittal.
5. Prior to the issuance of a building permit, a site development agreement and erosion control agreement shall be executed, including the submittal of all required fees and escrows. Said development agreement shall address:
 - a. Shared parking between the 655 and 707 buildings, and
 - b. Change in use or occupancy which does not meet the City's expectations to the minimum parking requirements.
6. The submitted Tree replacement plan shall be revised and submitted prior to the issuance of any site development permits. Required replacement trees may be planted on the 655 County Road E property and the 707 County Road E property. The revised plan shall include the following information:
 - a. Site plan showing location of trees over 4" in size on the property

- b. Tree Inventory table containing the species of tree, tree diameter and landmark tree designation.
 - c. Replacement calculations
 - d. Tree protection.
- 7. The submitted landscape plan shall be revised to include additional landscaping around the perimeter of the existing and potential lots.
- 8. Comments identified by the Fire Marshal in his memo dated August 22, 2012, shall be addressed prior to the issuance of a building permit.
- 9. Comments identified by the City Engineer in his memo shall be addressed prior to the issuance of any site development permits.
- 10. PaR Systems is required to submit a Planned Unit Development application prior to the proposed construction of the building addition identified on the submitted plans or within one year of this approval, whichever comes first.
- 11. Said approval does not include the proposed addition as shown in the submitted plans.
- 12. The Building Official is authorized to issue a building permit if approved by the City Council and the above conditions satisfied.

This approval is based on the following findings of fact:

- 1. The proposed land use is consistent with the designated business park land use in the Comprehensive Plan and BP, Business Park zoning district.
- 2. The development supports the City's business retention and expansion goals by supporting the continued growth of a company that:
 - Provides livable wage jobs that allow residents to support local businesses and participate in community activities;
 - Maintains tax base to generate revenues; and
 - Supports the economic viability of the City.

ROLL CALL: Ayes: Huffman, Quigley, Wickstrom, Withhart, Martin
 Nays: None

ADJOURNMENT

MOTION: by Councilmember Huffman, seconded by Councilmember Withhart to adjourn the meeting at 8:40 p.m.

VOTE: Ayes - 5 Nays - 0

Mayor Martin declared the meeting adjourned.

THESE MINUTES APPROVED BY COUNCIL ON THE 1ST DAY OF OCTOBER 2012.

Terry C. Schwerm
 City Manager